

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2906
ANSWERED ON:21.03.2002
DEDUCTION OF LOAN AMOUNTS TO STATES
KAMBALAPADU E. KRISHNAMURTHY;MOHAN RAWALE

Will the Minister of POWER be pleased to state:

- (a) whether the Union Government is likely to deduct the loan amount of the States taken from the various Central Organisations from the funds to be released by the Centre to the States;
- (b) if so, the details thereof;
- (c) the details in regard to the repayment of loan to the Power Finance Corporation by each State Electricity Board as on date; and
- (d) the steps taken by the Government for recovery of the outstanding loan?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : Some States default in their repayment of loan and payment of interest payable to the Central Public Sector Undertakings. Presently, such defaults are recovered against their entitlements upto a maximum of 15% of the Central Plan Assistance. Apart from this there is no proposal to deduct the loan amount of the States taken from the Central Organisations.

(c) & (d) : The details are given in Annex - I. The steps taken by the Power Finance Corporation (PFC) for recovery of the outstanding loan are:

PFC starts disbursing the loan after the loan documents entailing the terms & conditions are finalized and executed between the borrower and PFC. The terms & conditions of the loan includes inter alia the rate of interest, period of loan, due dates for payment of interest and Principal etc.

Guarantees and Security

1. As per the policy of PFC, the loans advanced by PFC is guaranteed fully, unconditionally and irrevocably either by the States Government or by any of the Nationalised Banks in respect of the dues payable to the Corporation by the borrowers/Charge on assets.

2. Escrow account Letter of Credit

3. In case of State power utilities, the Corporation obtains from State Governments an undertaking that PFC will have priority claim on the State Utility's surplus revenue over the obligations in respect of the loans granted by the State Governments to the State Utilities.

The borrowers are intimated, about 10 days in advance of the due date the amount payable by them on the respective due date by way of a demand notice.

If the borrower does not make the payment of installment/interest and other charges on any due date, the same are being shown as outstanding dues payable by the borrower.

Regular follow-ups through letters, discussions and personal visits are being made for recovery of outstanding dues.

As per the Policy prevailing as on date, when the loan is 60 days overdue a formal notice is sent to the borrowers that disbursements will be suspended on all loans and Escrow account will be invoked unless all outstanding payments are made within 30 days from the date of notice. If payment is not received within that period, disbursement in all loans and new sanctions to the borrowers are suspended which prompts the borrowers to clear the dues at the earliest so that their project implementations do not suffer.

Annex.I

ANNEXURE REFERRED TO IN REPLY TO PARTs (c) & (d) OF UNSTARRED QUESTION NO.2906 BE ANSWERED IN THE LOK SABHA ON 21.3.2002.

BORROWER-WISE TOTAL REPAYMENT STATUS AS ON 15-MARCH-2002

(In lakhs of Rupees)

S.No BORROWER NAME TOTAL DISBURSEMENTS TOTAL REPAYMENTS

1. Govt. of Haryana 4355 2547

2 HSEB 7940 7940
 3 HPGCL 41092 5711
 4 HPVNL 8491 1637
 5 Govt. of HP 261 155
 6 HPSEB 36124 4730
 7 JKSEB 2327 2327
 8 J&KPDCL 4455 14
 9 PSEB 91396 35923
 10 RAJASTHAN 944 944
 11 RSEB 12056 12056
 12 RRVPNL 24501 4855
 13 RRVUNL 131896 11900
 14 JAIPUR VV 13830 968
 15 JODHPUR VV 6251 597
 16 AJMER VVNL 8957 670
 17 UPRVUNL 23426 16722
 18 UPJVNL 63 63
 19 UPPCL 33787 27487
 20 Govt. of Goa 3234 376
 21 GEB 57578 29225
 22 GPCL 383 262
 23 GSECL 25000 7550
 24 MPEB 134833 47235
 25 MSEB 234887 62669
 26 CSEB 15507 2810
 27 APCENCO 138840 55738
 28 APTRANSCO 52202 20795
 29 KPCL 64234 18465
 30 KPTCL 106804 39044
 31 VVNL 5235 653
 32 KSEB 17592 4185
 33 TNEB 170416 56360
 34 BSEB 1532 1532
 35 BSHPCL 707 283
 36 TVNL 15800 12687
 37 OSEB 3555 3555
 38 OPGCL 24639 8952
 39 OHPCL 42314 12407
 40 GRIDCO 35398 5306
 41 SIKKIM PDD 1250 1250
 42 WBSEB 12822 8798
 43 WBPDCCL 27558 19625
 44 DPL 26073 1089
 45 ARUNACHAL 149 149
 46 ASEB 6824 283
 47 MANIPUR PD 405 405
 48 MEGHALAYA 3 3
 49 MIZORAM PD 3779 2825
 50 NAGALAND P 13728 1950
 51 DVC 4435 315
 52 NEEPCO 29157 4904

GRAND TOTAL 1729024 568928